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Consumer Price Index, Houston-Galveston-Brazoria – December 2017

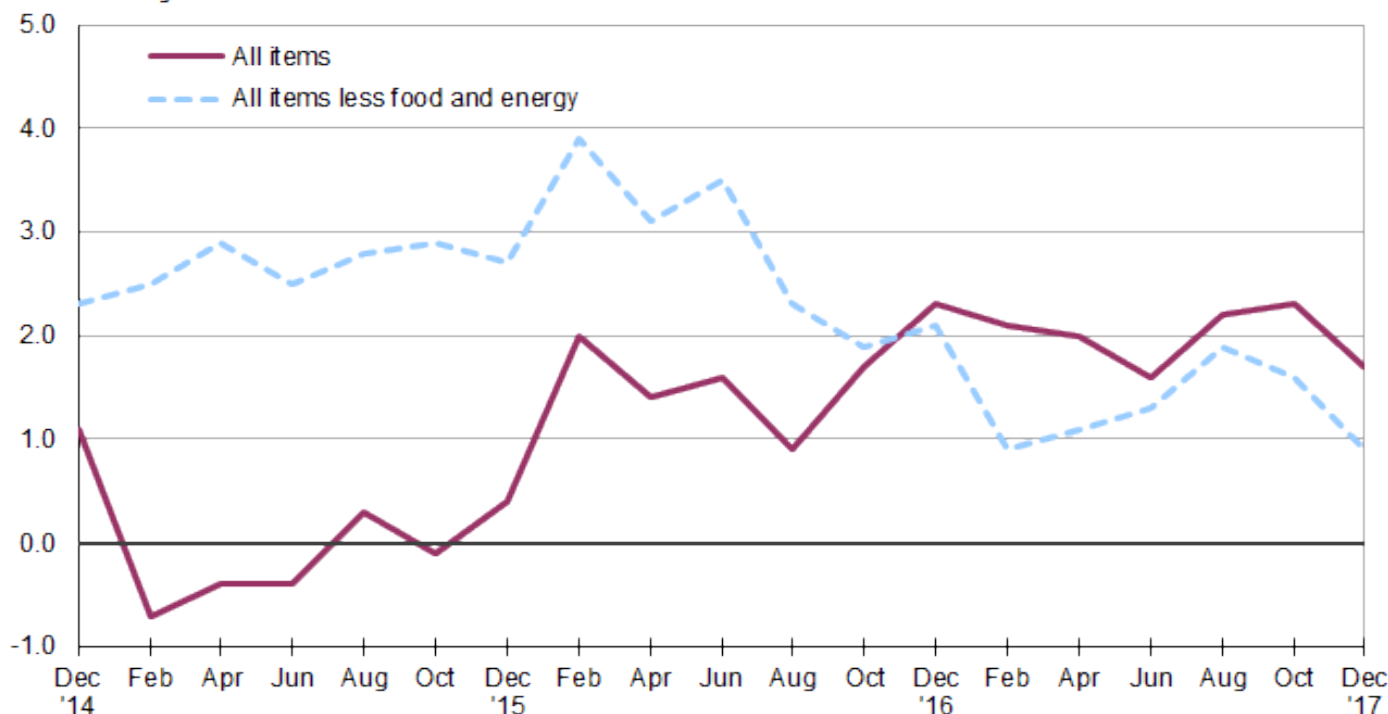
Area prices fall 0.7 percent in November and December; up 1.7 percent over the year

The Consumer Price Index for All Urban Consumers (CPI-U) in the Houston area declined 0.7 percent in November and December, the U.S. Bureau of Labor Statistics reported today. Assistant Commissioner for Regional Operations Stanley W. Suchman noted that local declines are typical in the November and December period, having occurred in 31 of the last 34 years. In the current period, decreases in the indexes for all items less food and energy (-1.0 percent) and for energy (-0.7 percent) more than offset an increase in food prices (0.9 percent). (Data in this report are not seasonally adjusted. Accordingly, short-term changes may reflect the impact of seasonal influences.)

During the year ended in December 2017, the all items CPI-U advanced 1.7 percent, while the index for all items less food and energy increased 0.9 percent. Both rates have slowed from the 2016 calendar year increases. (See [chart 1](#) and [table 1](#).)

Chart 1. Over-the-year percent change in CPI-U, Houston, December 2014–December 2017

Percent change



Source: U.S. Bureau of Labor Statistics.

Food

Local food prices rose 0.9 percent in November and December, after recording no change in September and October. Between the two components of the index, prices for food away from home rose 2.4 percent, while prices for food at home (grocery stores) fell 0.4 percent.

From December 2016 to December 2017, the food index advanced 2.4 percent, reflecting the combined effects of a 2.0-percent price rise for food at home and a 2.9-percent price rise for food away from home. This was the fastest 12-month rate of increase in total food prices since April 2015 (3.0 percent).

Energy

The energy index decreased 0.7 percent in November and December, after climbing 10.2 percent in September and October. The current two-month decline was the result of a 4.1-percent decrease in the motor fuel index. During the period, electricity prices rose 3.0 percent, while natural gas costs were unchanged.

Despite the two-month decline, the energy index advanced 11.1 percent during the year ended in December 2017. All three energy sub-components contributed to the annual increase as electricity prices rose 12.7 percent over the year, motor fuel prices increased 9.9 percent, and natural gas costs rose 9.7 percent.

All items less food and energy

The index for all items less food and energy decreased 1.0 percent in November and December, after advancing 0.3 percent in September and October. A 9.7-percent decline in apparel prices had the greatest impact, but lower prices for new vehicles and airline fares were also large contributors. Lower shelter costs, down 0.3 percent, also contributed, though the decline reflected lower hotel rates, as renters' costs rose 0.2 percent and costs for owners' equivalent rent were unchanged. Prices also fell for education and communication (-0.6 percent) and recreation (-0.7 percent). In contrast, the indexes for other goods and services and for medical care rose during the two-month period, up 1.7 and 0.5 percent, respectively.

From December 2016 to December 2017, the index for all items less food and energy rose 0.9 percent. The biggest factor in the annual increase was a 1.2-percent rise in shelter costs, as the indexes rose for both owners' equivalent rent (1.3 percent) and renters' costs (1.5 percent). Other large contributors to the annual increase included higher prices for medical care (4.1 percent) and apparel (5.2 percent). Helping to offset some of these increases, prices fell over the year for education and communication (-3.3 percent) and for household furnishings and operations (-3.6 percent).

The February 2018 Consumer Price Index for All Items for Houston-The Woodlands-Sugar Land is scheduled to be released Tuesday, March 13, 2018.

Consumer Price Index Geographic Revision for 2018

In January 2018, BLS will introduce a new geographic area sample for the Consumer Price Index (CPI). As part of the new sample, the index for this area will be renamed. The first indexes using the new structure will be published in February 2018. Additional information on the geographic revision is available at www.bls.gov/cpi/additional-resources/geographic-revision-2018.htm.

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 89 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 28 percent of the total population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 87 urban areas across the country from about 6,000 housing units and approximately 24,000 retail establishments--department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

The index measures price changes from a designated reference date (1982-84) that equals 100.0. An increase of 16.5 percent, for example, is shown as 116.5. This change can also be expressed in dollars as follows: the price of a base period "market basket" of goods and services in the CPI has risen from \$10 in 1982-84 to \$11.65. For further details, see the CPI home page on the Internet at www.bls.gov/cpi and the BLS Handbook of Methods, Chapter 17, *The Consumer Price Index*, available on the Internet at www.bls.gov/opub/hom/pdf/homch17.pdf.

In calculating the index, price changes for the various items in each location are averaged together with weights that represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Because the sample size of a local area is smaller, the local area index is subject to substantially more sampling and other measurement error than the national index. In addition, local indexes are not adjusted for seasonal influences. As a result, local area indexes show greater volatility than the national index, although their long-term trends are quite similar. **NOTE: Area indexes do not measure differences in the level of prices between cities; they only measure the average change in prices for each area since the base period.**

The **Houston-Galveston-Brazoria, Texas, Consolidated Metropolitan Statistical Area (CMSA)** includes Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, and Waller Counties.

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Table 1. Consumer Price Index for All Urban Consumers (CPI-U): Indexes and percent changes for selected periods, Houston-Galveston-Brazoria, TX (1982-84=100 unless otherwise noted)

Item and Group	Indexes			Percent change from -		
	Oct. 2017	Nov. 2017	Dec. 2017	Dec. 2016	Oct. 2017	Nov. 2017
All items	223.213	-	221.568	1.7	-0.7	-
All items (1967 = 100)	715.925	-	710.648			
Food and beverages	227.487	-	229.108	2.1	0.7	-
Food	227.444	-	229.427	2.4	0.9	-
Food at home	226.056	226.277	225.128	2.0	-0.4	-0.5
Food away from home	224.684	-	230.100	2.9	2.4	-
Alcoholic beverages	217.764	-	213.927	-2.9	-1.8	-
Housing	216.657	-	216.566	1.6	0.0	-
Shelter	257.476	257.046	256.654	1.2	-0.3	-0.2
Rent of primary residence(1)	254.157	254.479	254.786	1.5	0.2	0.1
Owners' equivalent rent of residences(1) (2)	237.365	237.319	237.386	1.3	0.0	0.0
Owners' equivalent rent of primary residence(1)(2)	237.365	237.319	237.386	1.3	0.0	0.0
Fuels and utilities	177.051	-	180.502	9.7	1.9	-
Household energy	158.711	155.082	162.758	12.2	2.5	4.9
Energy services(1)(3)	156.203	152.580	160.206	12.2	2.6	5.0
Electricity(1)	156.212	151.931	160.921	12.7	3.0	5.9
Utility (piped) gas service(1)	142.556	142.629	142.586	9.7	0.0	0.0
Household furnishings and operations	129.359	-	129.183	-3.6	-0.1	-
Apparel	200.151	-	180.807	5.2	-9.7	-
Transportation	184.118	-	178.708	2.7	-2.9	-
Private transportation	183.293	-	178.514	3.5	-2.6	-
Motor fuel	206.607	202.486	198.180	9.9	-4.1	-2.1
Gasoline (all types)	206.842	202.704	198.098	9.8	-4.2	-2.3
Gasoline, unleaded regular(4)	209.121	204.764	199.738	9.5	-4.5	-2.5
Gasoline, unleaded midgrade(4)(5)	224.235	220.065	216.826	10.6	-3.3	-1.5
Gasoline, unleaded premium(4)	226.886	223.900	221.950	12.2	-2.2	-0.9
Medical care	482.123	-	484.366	4.1	0.5	-
Recreation(6)	103.575	-	102.851	0.7	-0.7	-
Education and communication(6)	120.005	-	119.286	-3.3	-0.6	-
Other goods and services	406.866	-	413.749	3.4	1.7	-
Commodity and service group						
Commodities	174.570	-	171.828	1.2	-1.6	-
Commodities less food and beverages	148.645	-	144.147	0.6	-3.0	-
Nondurables less food and beverages	202.621	-	194.177	3.5	-4.2	-
Durables	99.953	-	98.429	-2.9	-1.5	-
Services	273.211	-	272.469	2.1	-0.3	-
Special aggregate indexes						
All items less shelter	210.382	-	208.400	2.0	-0.9	-
All items less medical care	210.656	-	208.899	1.6	-0.8	-
Commodities less food	151.059	-	146.558	0.4	-3.0	-
Nondurables	215.256	-	211.839	2.7	-1.6	-
Nondurables less food	203.255	-	195.096	3.0	-4.0	-
Services less rent of shelter(2)	288.924	-	287.647	2.7	-0.4	-
Services less medical care services	252.355	-	251.433	1.8	-0.4	-
Energy	180.037	176.181	178.709	11.1	-0.7	1.4
All items less energy	230.505	-	228.806	1.1	-0.7	-
All items less food and energy	230.838	-	228.525	0.9	-1.0	-

Footnotes

(1) This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.

(2) Indexes on a December 1982=100 base.

Note: See footnotes at end of table.

- (3) Prior to January 2011 this series was titled Gas (piped) and electricity.
 - (4) Special index based on a substantially smaller sample.
 - (5) Indexes on a December 1993=100 base.
 - (6) Indexes on a December 1997=100 base.
- Note: Index applies to a month as a whole, not to any specific date.